

C. Executive Summary

8. Executive Summary of Projects for BIP and BTOP:

The Buggs Island Telephone Cooperative (BIT) seeks to address the opportunity of providing a “last mile solution” with broadband high-speed Internet access on a non-discriminatory basis to the underserved and unserved rural citizens and businesses of Southside Virginia. The proposed funded service area is a fifteen-county area that includes 38 incorporated towns and two cities. This comprehensive plan includes the building, operation and maintenance of a fixed broadband and voice communications wireless network in fifteen rural counties in Southside Virginia. The project has been designed, engineered and is “shovel ready.”

The BIT network will utilize the latest in proven wireless 802.16d WIMAX technology. BIT, through the auction process, acquired the Federal Communications Commission 700-megahertz spectrum licenses. The wireless licensed area “footprint” covers a population of 239,794 people, and is comprised of approximately 100,989 households 14,882 businesses, 723 community anchor institutions (including 36 libraries and 21 college institutions) 408 medical facilities (exclusive of hospitals), 79 fire departments, 30 rescue operations, 39 police departments/sheriff offices, and five hospitals. The users of this wireless network will consist of all classes and types of consumers, businesses, community support organizations, public safety entities, churches, libraries, schools, healthcare providers, and institutions of higher learning.

Broadband high-speed internet will be available to 100% of the residents and businesses in the licensed service area with a minimum of 1.5 mbps of service. This minimum level of service meets and exceeds the FCC’s definition of broadband. Generally, residential subscribers will have the option to upgrade to 3.0 or 4.0 mbps of service and businesses will have the option to upgrade to 3.0, 4.0 or 10 mbps for an additional monthly fee. Subscribers will be charged a flat monthly rate regardless of bandwidth usage, and BIT estimates that the monthly access rates to residential subscribers will be between \$30 and \$60 per month for internet service based on the selected package. Business rates will be between \$40 and \$200 per month based on the selected package.

BIT will utilize 802.16d WIMAX wireless technology with worldwide-accepted engineering standards and equipment provided by [REDACTED]

[REDACTED] BIT has engineered this network to maximize usage of the facilities and services available from the Mid-Atlantic Broadband Cooperative (regional fiber network), and to take advantage of existing towers where possible. The project plan is based on completion of the network within two years of the issuance of the federal

stimulus award. [REDACTED]

[REDACTED] provide 100% coverage to the entire 15-county service area.

BIT's marketing plan relies primarily on BIT-provided customer service and company-owned distribution, however, BIT will offer open access through a wholesale, fixed-price arrangement to providers who are interested in becoming resellers. These entities will have first rights to market and to migrate their existing customers to this upgraded broadband service via a reseller agreement. This reseller relationship meets the open access requirements and adheres to the principles of "net neutrality". BIT intends to fully comply with the nondiscrimination and interconnection obligations outlined in the Broadband Stimulus NOFA and BIT will negotiate in good faith with any provider requesting interconnection with BIT's network. Furthermore, network management practices will not discriminate against any lawful application or service being transported on the network, and will ensure that reasonable network management practices are in place to provide all subscribers with acceptable levels of service. BIT will also comply with all law enforcement requests and ensure compliance with all Federal, State, and Local Government statutes.

Buggs Island Telephone Cooperative, based in Bracey, Virginia (near South Hill) will heavily invest its own resources by injecting the 20% match requirement and seeking a loan/grant combination. Buggs Island Telephone will also be building a portion of the network and infrastructure in selected areas of Mecklenburg and Brunswick Counties. In addition, BIT will further invest in upgrading its financial, billing, collection and other operating support systems as well as hiring and training the workforce necessary to sustain this business plan. This project will create approximately 64 new jobs with benefits, including group health insurance, with average annual salaries and benefits of over \$40,000.

The Cooperative contemplates having three regional customer service centers, providing service under the brand name of "BIT Communications." Additionally BIT will rely on agents and resellers for further distribution and personalized customer service. This highly-reliable wireless service will primarily be offered in areas where Digital Subscriber Line (DSL) and cable modem Internet access services are unavailable. These types of landline-based services are highly distance-sensitive and are currently not offered outside the more densely populated areas. One advantage of BIT's WIMAX solution is the ability of this wireless service to reach beyond the limits of the current landline-based networks to subscribers who have no access to broadband services.

BIT expects [REDACTED] subscribers with the proposed wireless system. This estimate is based on a [REDACTED] throughout the 15-county service area. This projection is based on BIT's past experience of providing broadband services in a rural market, and a Rural Broadband Report

conducted by the Rural Policy Research Institute, which estimated that 38.3 percent of rural households subscribe to broadband services.

Buggs Island Telephone Cooperative was founded as a local telephone cooperative in 1951 and currently has nine member, elected directors and staff of 23. BIT provides local, long distance, broadband and other communications services to 4,100 subscribers in the south-central region of Virginia. BIT has built and extended broadband to 100% of its service area and has offered high-speed service since 2004. General Manager, Mickey L. Sims, has extensive experience in the independent telephone and wireless businesses. BIT will be the operating entity, and subscribers will be Class B subscribers, not subject to capital credits. BIT is building a complimentary network with its own funds in Mecklenburg and Brunswick Counties where the Buggs Island Telephone Cooperative operates as an incumbent local exchange carrier and is governed by the National Exchange Carriers Association (NECA) interstate access tariffs.

The Southside Planning District Commission, during a strategic planning process identified various technology barriers within the Southside Region - the primary need being identified as affordable broadband. The Mid-Atlantic Broadband Cooperative (MBC) currently has a diverse fiber feed throughout the region. MBC has the ability to provide 200 Gigabits via diverse routes of direct capacity thus providing direct access to a multitude of carriers who are located in key interconnection facilities in Ashburn, Virginia, McLean, Virginia and Atlanta, Georgia. Also of great interest will be MBC's new interconnection with the Terremark NAP of the Capital, Region (NCR) located in Culpeper, Virginia. The Mid-Atlantic Broadband Cooperative does not, however, offer last-mile service; BIT will partner with Mid-Atlantic to provide exceptional broadband connectivity.

The Southside Planning District Commission, during the strategic planning process, conducted a random survey to local businesses. The telecommunications survey results illustrate that 95% stated that Internet technology is "somewhat or very important" in the success of their company. The survey results also revealed that 88% of the persons/businesses responding believed their organizations would benefit from an affordable broadband Internet connection and 53% of those surveyed said they were "not satisfied or somewhat satisfied" with the speed of their current Internet connection.

The Board and Staff of the Buggs Island Telephone Cooperative submits this request for funding to provide a viable, affordable, timely last mile solution to citizens and businesses located in the Southside region of the Commonwealth of Virginia.